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Consumer markets abroad

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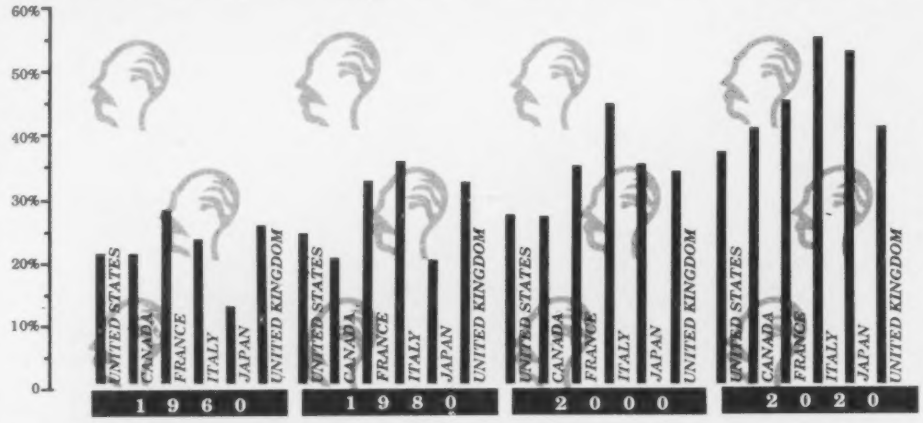
WILL RETIREES CUT BACK LEISURE SPENDING?

WHO'LL PAY FOR THE ELDERLY?
Nations will have to support retirees with fewer workers by the end of this century.
(Persons aged 65 and over as a percent of economically active persons aged 15 to 64)*



*Note: Economically active persons include those aged 15 to 64 who are working or are unemployed.
Source: Lorna Dailey, *"International Trends in Social Security Reform,"* Employee Benefit Research Institute; Issue Brief, July 1987, Number 68, p. 3.

Coming next month... The U.S.S.R: An unlikely market. Understand the demographics of the world's third most populous nation.

When the number of nursing homes in the world exceed the number of elementary schools, who will foot the bill? This is the question policy makers, particularly in seven industrialized countries, are asking with anxiety. As government funds fall short of rising social security costs, elderly citizens in Britain, Canada, France, Italy, Japan, the United States, and West Germany may be forced to spend a larger portion of their personal savings on basic retirement needs, such as housing and health care.

Businesses that count on the growing elderly market may be disappointed with this news. Sales of high-priced leisure products, such as cruises, summer homes, or sporting equipment will suffer as Europeans, Americans, and Japanese earmark savings for retirement, which federal programs are increasingly hard-pressed to provide.

LIFESTYLES AROUND THE WORLD

The specter of rapid aging in Europe has become increasingly publicized. Presently, the world's oldest populations include Sweden (with 17 percent of the population aged 65 and over), West Germany (15 percent aged 65 and over), and Denmark (also 15 percent). But these countries will soon find themselves in a crowded field. By the year 2025, every country in Western Europe will have a population whose share of elderly has reached 18 percent or more.

Of the industrialized countries,

(continued on p. 7)

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OSAKA: TOKYO OF THE SOUTH?

Osaka plans to attract Japanese and foreign business away from overcrowded Tokyo.

Publisher
F. J. Charbonneau

Associate Publisher
Carol Terrizzi

Executive Editor
Cheryl Russell

Editor
Blayne Cutler

Managing Editor
Amy Christian

Contributing Editor
Denise Rusoff

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Osaka, Japan's second largest metropolitan area, is struggling to hold its economic ground. During the miracle growth period of the 1960s and 1970s, this region lost in economic vitality what Tokyo amassed in power, prestige, and influence. Nevertheless, the economic rivalry between these two cities, Osaka representing the southern Kansai and Tokyo the northern Kanto regions, reflects the domestic imbalance of Japan's economic structure.*

As Japan's commercial capital since feudal times, Osaka accounted for 40 percent of the pre-war national economy. But after World War II, Tokyo, with its international airport, became the gateway through which post-war business passed. As a result, Osaka lost economic clout. Between 1955 and 1984, the Osaka metropolitan area's share of Japan's industrial output fell from 13 percent to 8 percent and its share of total exports from 53 percent to 21 percent.

During Japan's rapid economic expansion, the Kansai district's heavy industries fueled domestic growth. In contrast, the Kanto region's businesses began to emphasize exports. Tokyo became the symbol of the nation's move into the information age and away from heavy manufacturing. Between 1975 and 1985, Osaka's share of Japan's GNP fell from 10 to 9 percent, while Tokyo's rose from 17 to 18 percent. The future of Osaka and the Kansai region has been clouded further by the yen's appreciation against the dollar, which has seriously eroded the international competitiveness of Kansai's dominant industries—textiles, chemicals, steel, and shipbuilding.

** In this profile, the "urban prefecture" of Osaka—the term used to describe metropolitan Osaka in the Japanese census—is called the Osaka metropolitan area. Osaka City, with 26 wards of its own, is only one municipality in the Osaka metropolitan area.*

INDUSTRY WINNERS AND LOSERS

While steel and shipbuilding falters, Kansai's traditional drug makers are leading the way toward high-tech diversification in this region. Most all of the well-known Japanese pharmaceutical houses are based in Osaka, including Takeda, Japan's largest drug maker. And while Osaka loses the head offices of some 300 companies a year to Tokyo, a few large corporations remain. Matsushita, Japan's largest consumer-electronics firm—the maker of Panasonic—recently completed twin, 38-story towers to house its headquarters, reviving the inner city with the hopes of an expanding business park.

A stalled service sector, however, will have to move quickly to make up for the projected loss of assembly jobs in Matushita and Sanyo plants. At present, about half of Matsushita products are made in Osaka. However, projected plans for moving production to other countries will cut heavily into assembly work at home. Sanyo has already moved 25 percent of its production overseas.

A look at trends in Osaka's employment by sector since 1985—the year the yen began appreciating—shows that manufacturing employment has taken a beating. In 1980, 30 percent of the Osaka metropolitan area's workforce worked in manufacturing. This share slipped to 25 percent by 1987. In contrast, the wholesale and retail sector grew, rising from 28 percent of total employment in 1980 to 34 percent in 1987. Service sector employment remained steady at about 20 percent.

HIGH HOPES FOR THE SUBARU PLAN

The people of Osaka and the rest of the Kansai region are far from resigned to their fate. The Subaru Plan, drafted by government and business leaders, is Osaka's new economic offensive. Four

THE OSAKA METROPOLITAN AREA IN PERSPECTIVE: JAPAN, THE KANSAI REGION OF JAPAN, AND MUNICIPALITIES OF THE OSAKA METROPOLITAN AREA

1. JAPAN

2. THE KANSAI REGION

3. MUNICIPALITIES OF THE OSAKA METRO AREA 大阪府

- negative growth
+ 0–12% population increase, 1975–1985
++ 12–30% population increase, 1975–1985

1. Minoo ++
2. Ibaraki +
3. Suita +
4. Takatsuki +
5. Hirakata ++
6. Katano ++
7. Daito +
8. Kadoma -
9. Neyagawa +
10. Shijonawate -
11. Kashiwara +
12. Fujiidera +
13. Habikino +
14. Tondabayashi +
15. Izumi +
16. Kishiwada +
17. Kawachinagano ++
18. Izumisano +
19. Sennan ++
20. Kaizuka +
21. Izumiotsu +
22. Takaishi -
23. Matsubara +
24. Sakai +
25. The City of Osaka -
26. Moriguchi -
27. Toyonaka+
28. Ikeda +
29. Settsu +
30. Higashiosaka -
31. Yao +

Unmarked areas are towns, not municipalities, within the Osaka metro political area.
Source: The Osaka Statistical Yearbook 1987.

The Osaka metropolitan area, Japan's second largest metro area with a 1987 population of 8.6 million, is the core of the Kansai region. It includes the eight prefectures of Kobe, Wakayana, Nora, Mie, Osaka, Shiga, Kyoto, and Hyogo, as well as the large cities of Kobe (population 1.4 million) and Kyoto (population 1.5 million). One in five Japanese live in the Kansai region—about 22 million people.

A Landfill for Business:

Running out of room? Osaka's answer was to build an island. Southport, Osaka's man-made island at the head of Osaka Bay, already houses a new international exhibition complex that seats 4,000. Future projects on the island include a teleport, a satellite-earth station for telecommunications, and a $313 million, 37-story trade center to be built by Mitsui.

major stimuli are planned to boost manufacturing—extending the core number of firms, facilitating public and private research development, attracting local investors, and improving transportation and industrial infrastructure.

The Subaru Plan calls for an agressive approach to luring high-tech growth firms to the area by building industrial parks and a science city to house research institutes. Osaka's so-called Kansai Cultural-Academic-Research City will be home to a mix of public and private research institutes with a projected total of 120,000 researchers and students. So far, two research organizations and three large Japanese corporations have agreed to participate. The Advanced Telecommunications Research Institute will specialize in artificial intelligence and optical communications research. The International Institute of Advanced Studies will concentrate on biotechnology. Matsushita Industries, Fujitsu, a computer maker, and Kyocera, a manufacturer of high-tech ceramics, will set up research labs as well.

Planners see the Kansai region as a re-export center—where raw materials imported from abroad will be assembled or processed and then exported back to foreign buyers. Osaka is "...the second eye of the country, focused on the world outside, but not necessarily on the same sights as the other eye, Tokyo," says Kinji Hirai, director of the Planning Office of the Osaka Prefectural Government.

Completion of the plan may take up to 40 years. The proposed Kansai International Airport to be built on an artificial island three miles out into Osaka Bay is slated to handle a quarter of a million flights a year when it opens in 1993, more than double the present traffic at Tokyo's Narita airport. The new airport is designed to handle five times the cargo and almost double the passengers of Osaka's existing airport.

But the necessary funds for the industrial-residential parks, manmade islands, and new railway lines and expressways are still in question. So far, a somewhat tenuous arrangement has been worked out between the national government, municipalities, and industry for the funding of the new airport, the Akashi Straits Bridge, which will link Kansai to the largely undeveloped Shikoku Island by 1998, and the research city.

OUTLYING MUNICIPALITIES GROW

(Population, number of households, and growth rates (1975–85) of the municipalities of the Osaka metropolitan area)

	Population (1986)	*Number of households (1986)*	*Growth rate (1975–1985)*
Osaka City	2,643,213	992,615	-4.7
Sakai	818,537	260,627	7.9
Kishiwada	186,330	54,570	3.1
Toyonaka	416,829	148,722	1.2
Ikeda	101,862	37,002	0.9
Suita	351,681	122,809	10.5
Izumiotsu	67,896	21,242	1.8
Takatsuki	351,988	111,096	3.1
Kaizuka	79,506	23,471	2.1
Moriguchi	159,157	54,609	-7.1
Hirakata	385,525	122,551	18.7
Ibaraki	253,493	85,196	11.3
Yao	276,797	87,510	4.2
Izumisano	91,885	26,429	5.3
Tondabayashi	103,917	30,738	6.7
Neyagawa	259,280	86,380	0.6
Kawachinagano	93,617	26,626	17.4
Matsubara	136,465	42,776	2.4
Daito	123,541	39,788	5.2
Izumi	140,223	39,885	5.1
Minoo	116,796	38,049	30.8
Kashiwara	73,925	22,688	9.8
Habikino	111,798	33,734	9.6
Kadoma	141,221	49,291	-3.0
Settsu	87,053	29,559	5.1
Takaishi	66,790	21,538	0.0
Fujiidera	65,098	20,586	7.1
Higashiosaka	522,144	174,900	-0.6
Sennan	60,487	17,243	14.1
Shijonawate	50,407	15,955	-3.4
Katano	65,340	18,969	16.5

Despite the potential growth outlined by this grand scheme, few believe that it will shift Japanese industry away from Tokyo. At best, critics say, service-sector industry tied to the development of "academic towns" (Osaka's planned research centers), will grow rapidly. Others point to the federal government's policy of regional development that is pigeonholing Osaka in the role of commercial and cultural center for Asia, while Tokyo is slated for development as Japan's political, financial, and international hub.

Particularly disturbing is the fact that Osaka is losing ground to Tokyo as a financial center. Home to one of the world's three largest banks, Osaka accounts for 11 percent of bank lending in Japan and boasts the world's third largest stock market. But with two-thirds of a recent graduating class at Osaka City University taking jobs in Tokyo—most of them in financial services—it is hard to imagine what it will take to lure young graduates from the magnetism of Tokyo.

IN TOKYO'S SHADOW

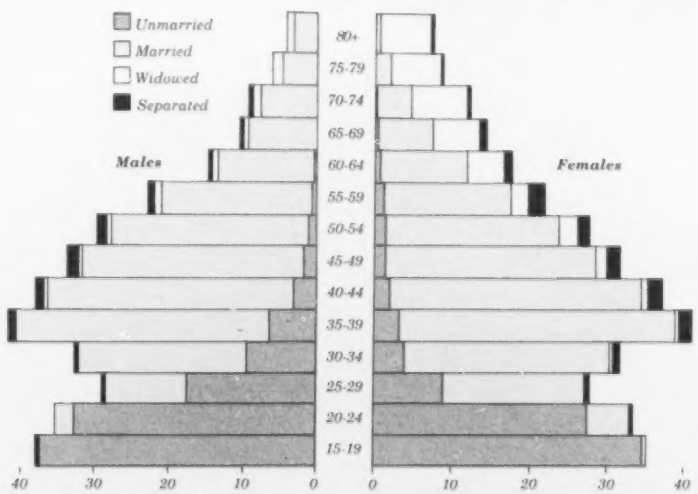
Rapid urbanization around Japan's three largest cities—Tokyo, Osaka, and Nagoya—means that nearly 45 percent of all Japanese will live within 50 kilometers of these metropolitan areas by the year 2000.

Differences exist among regions, and perhaps the greatest differences are between Osaka and Tokyo. Tokyo residents and the rest of their Kanto counterparts are considered businesslike, even a bit cold, while Osaka residents are described as "warm."

But more concrete demographic differences abound. Osaka trails Tokyo in population, 8.6 million versus 11.8 million. Accordingly, Osaka has fewer households than Tokyo, 2.9 million and 4.5 million respectively. However, the Osaka metropolitan area is growing more quickly than Tokyo, by 2.3 percent between 1980 and 1986, versus Tokyo's 1.8 percent growth.

Tokyo households have greater disposable incomes than Osaka households. A Tokyo worker household has a monthly average of 398,800 yen (US$2,367 in 1986) as disposable income, compared to an Osaka household's 344,200 yen (US$2,043). Worker households in Osaka are below the national aver-

THE MARRIED LIFE
(Age composition by spousal relationships, 1980 National Census, in percent)



TOKYO AND OSAKA—HOW THEY COMPARE
Osaka fights to gain a bigger piece of the Japanese pie. (Economic and social indicators as a percent of Japanese total, 1984)

1. Stock market transactions

Tokyo 82%
Osaka 16%

2. Banking transactions

Tokyo 78%
Osaka 12%

3. Companies capitalized at ¥1 billion or more

Tokyo 64%
Osaka 12%

4. University students

Tokyo 59%
Osaka 10%

5. Employees of information service companies

Tokyo 47%
Osaka 10%

6. Contribution to total GNP

Tokyo 18%
Osaka 9%

Source: Osaka Municipal Government.

Japan's New Consumers

You can find out more about Japanese lifestyles and attitudes, demographic characteristics, spending patterns, and buying behavior in Japan's New Consumers, *a new two-part special report written by experts from the Center for International Research of the U.S. Census Bureau and the editors of Consumer Markets Abroad.*

A hardbound book with over 100 charts, graphs, and tables, Japan's New Consumers *clearly describes how and why the Japanese spend their earnings on consumer goods and services.*

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To order Japan's New Consumers, *fill out and return the card in this issue or call 1-800-828-1133 for faster service. Be sure to have your credit card handy.*

age in disposable income—373,300 yen (US$2,215). However, Osaka and Tokyo households spend relatively the same share of their disposable income on consumption—78 percent.

MUNICIPALITIES GAIN, OSAKA CITY WARDS LOSE

The City of Osaka is home to 2.6 million people, with the surrounding municipalities and towns housing the remaining 6 million who live in the metropolitan area. Ten of the 26 wards in Osaka City proper have population densities of over 15,000 people per square kilometer. The most populous wards are Ikuno and Hirano. Twenty-one of the 26 wards lost population between 1975 and 1985. Only Nishi, Oyodo, Higashiyodogawa, Joto, Yodogawa, and Suminoe gained population during this period. The population of Osaka proper fell by almost 5 percent between 1975 and 1985.

However, of the 30 municipalities that make up the larger Osaka metropolitan area, 25 gained population between 1975 and 1985. Outmigrants from Osaka city settled in the outlying municipalities of the Osaka metropolitan area. The municipalities of Hirakata, Ibaraki, Minoo, and Katano to the north all grew by over 10 percent between between 1975 and 1985. Minoo grew the fastest, registering a 30 percent increase. Of the municipalities lying to the south of the city, Sennan (14.1 percent), Kawachinagano (17.4 percent), and Sakai (7.9 percent) all grew rapidly. The demographic sprawl that this outmigration has produced may significantly affect exporters' advertising and distribution methods.

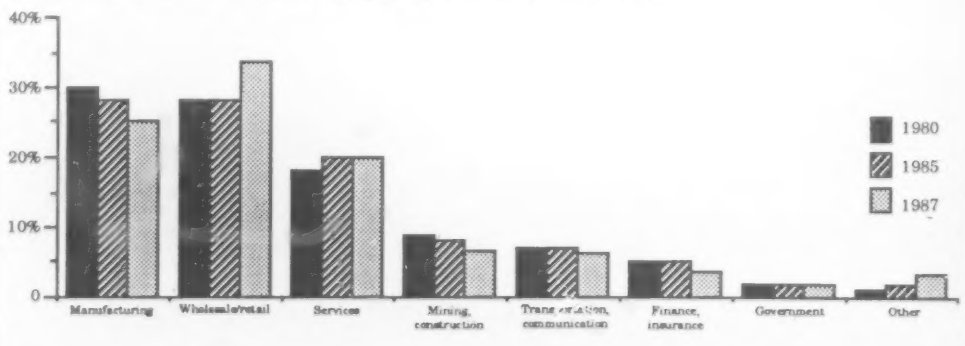
OSAKA AGES

Osaka, like the rest of Japan, is aging rapidly. In 1980, 24 percent of the metropolitan area residents were under the age of 15, with 68 percent between the ages of 15 and 64, and 8 percent aged 65 and over. In five years, the share of residents under age 15 had dropped to 21 percent of the total population. The share of the population aged 15 to 64 rose to 70 percent, and the share aged 65 and over increased to 9 percent.

The population of Osaka City is considerably older than that of the surrounding municipalities. While only 18 percent of city residents were under age 15 in 1985, 23 percent of the residents of the municipality of Sakai were under age 15. The city is home to a higher percentage of elderly than the surrounding municipalities. Those aged 65 and over made up 10 percent of the population of the city, but only 7 percent of Sakai's population, for example.

WHERE THEY WORK

(Percent of Osaka workers employed by industry, 1980–1987)



SOURCES

The best source of demographic data on the Osaka metropolitan area is the Osaka Statistical Association. This organization produces *The Osaka Statistical Yearbook.* It can be purchased for 5,000 yen (US$35) from the Osaka Statistical Association, No. 2 Ohtemaeno-cho, Higashi-ku, Osaka, 540, Japan. An additional 3,300 (US $25) yen are required for airmail postage.

—Denise Rusoff

***(Retirement,** continued from page 1)*

Japan's elderly population is growing the fastest. Between 1970 and 1996 the Japanese elderly's share of the total population will double from 7 to 14 percent. (It took France 115 years and the U.S. 66 years to see their elderly populations double as a proportion of the total.)

The massive movement into old age will have significant effects on consumption, savings, the labor force, and the allocation of federal funds in each country. Specifically, the demand for health care products, long-term care facilities, and labor-saving household goods will increase dramatically. Savings will increase in varying degrees. In countries where benefit plans are already in debt, such as Italy, peak earners and the elderly will save a lot more as they prepare for their future.

The labor force of most industrial countries has already changed with the aging of populations. Of the working age population aged 15 to 64, the younger age groups (i.e., 20 to 29) are declining rapidly, while older groups (i.e., 40 to 49) are growing. Since workers aged 40 to 60 are usually the largest savers, this new labor force composition may also point to higher savings rates, especially in Canada and the United States, where members of the baby boom generation are approaching their middle working years.

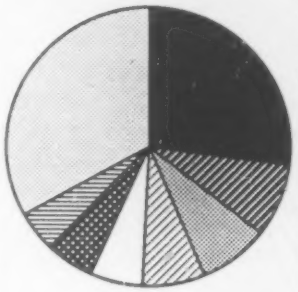
Perhaps the most pressing economic issue affecting elderly populations worldwide, though, is the nature of government expenditure on social security. Most European benefits programs (with the exception of Italy) are funded on a pay-as-you-go basis, according to the Employee Benefit Research Institute in Washington, D.C. Current workers finance the retirement of the elderly through payroll taxes, and they, in turn, will rely on younger generations to finance their retirement. The system remains balanced as long as the number of workers exceeds the number of retirees.

Because the number of retirees is expected to swell after the year 2010, many governments are in the process of reforming the pay-as-you-go nature of these social security systems. In Canada, a 25-year plan went into effect on January 1, 1987, which was designed to augment the financing of the earnings-related portion of the Canadian Pension Plan. The government of France has adopted emergency tax increases to tackle a projected deficit of $6.6 billion in the 1988 Social Security System. Perhaps the most comprehensive reforms have been adopted in Japan. Act 34, which became effective as of April 1, 1986, is designed to increase payroll taxes and reduce benefit accrual rates. For all of these countries, there is an increasing trend towards privatization of retirement support.

As the burden of retirement increasingly falls on the individual, exporters should modify their marketing plans. Affordable leisure products and specialized services, such as home entertainment or housecleaning support, may be more realistic choices for tomorrow's retirees.

—Blayne Cutler

OSAKA—WHERE THE MONEY GOES
(Percent of total household expenditures by commodity, 1986)



DISCOVER PERTH, AUSTRALIA

Closer to the capital of Indonesia than it is to the Australian capital, Canberra, Perth is one of the fastest growing metropolitan areas down under, remoteness notwithstanding. Described variously as a "boom town," a frontier city, and the emerging financial capital of Australia, Perth, with a population of 994,472, is best known internationally for its short-lived possession of the coveted America's Cup.

While Perth's promising economy has temporarily faltered with the stock market crash, its long-term strength should remain intact. Businesses considering market opportunities in Australia should examine this "new" city's young population, whose education and income are on the rise.

The America's Cup race brought to Perth and to its nearby port, Fremantle, considerable tourist-based development. But even before the America's Cup, Perth was an attractive tourist spot for travellers, given its reputation for more sunshine and clear days than any other major city in Australia. Cool winds, called the "Fremantle Doctor," blow in every afternoon during the hot months (December, January, and February) to keep the climate comfortable for Perth residents.

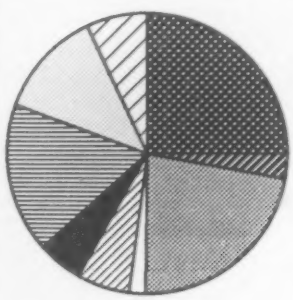
Perth is the capital city of Western Australia, a state with a land area three and a half times the size of Texas. Although Western Australia occupies nearly one-third of Australia's total area, the population of the state accounts for only 9 percent of the Australian population, making W.A. the least densely populated state—only 0.51 persons per square kilometer. Over 70 percent of the state's population live in Perth, which is 43 times more populous than the second largest urban area in Western Australia, Bunbury.

Perth's "boomtown" reputation rests less on its America's Cup status than on its role as commercial clearing house for nickel, iron ore, gold, uranium, and diamonds mined in the far reaches of the state. Perth-based stocks soared in recent years, leading residents in the eastern states of Australia to refer—somewhat covetously, somewhat disdainfully—to the "new money" class of Perth, with its ostentatious cars, yachts, houses, and stables of racehorses. Popular Australian opinion holds that Perth has more millionaires per capita than any other city in Australia.

After the recent spectacular stock market crash, however, journalists are referring to Perth as "Scrip City, W.A." and the boom image turned to bust. A run on Perth's largest merchant bank, Rothwell's, led to its threatened collapse shortly after the stock market disaster. But the concerted efforts of the state government and influential Perth business leaders, including Alan Bond of America's Cup fame, managed to salvage the bank with a guaranteed loan of $150 million. The impact of recent events on the Perth economy is still unknown, but as one local economist has noted, "Perth is out of the race for the financial capital of Australia." Even so, as one of the world's largest producers of gold and other mineral deposits, Western Australia has enormous economic potential.

Perth's reputation as a "boom" city also stems from its rapid rate of population growth—fueled by substantial international migration. While growth rates have slowed from those experienced during the 1950s, 1960s, and early 1970s, Perth has been the fastest growing capital city (2.07 percent average annual growth) since 1976. Perth's popularity with migrants in the 1950s and 1960s reflected the city's position as first port of call during the period when most international migration to Australia was by sea and when the majority of

EATING, PLAYING, AND LIVING WELL IN PERTH
(Percent of total household expenditures by commodity, 1984)



- Total housing **25%**
- Fuel and power **3%**
- Food, beverage **22%**
- Tobacco **2%**
- Clothing, footware **6%**
- Medical, personal **5%**
- Transport **17%**
- Recreation **13%**
- Miscellaneous **7%**

Source: Ian Castles, 1984 Household Expenditure Survey. *Australian States and Territories, Australian Bureau of Statistics, June 1987.*

migrants hailed from the United Kingdom. As a result, Perth has a distinctively British atmosphere and continues to be an attractive place for British migrants to settle. Over half of all foreign-born residents of Perth are from the United Kingdom, accounting for nearly 18 percent of the Perth population. Businesses which export to the United Kingdom may find a unique advantage in marketing to Perth, since these consumers may have similar tastes or buying habits to consumers in the U.K.

THE HOMEOWNER'S CITY

Perth is a low density city with nearly four-fifths of its housing stock accounted for by single detached dwellings. Apartments in buildings over three stories high account for only 2 percent of Perth's housing stock. Despite the affluence associated with Perth, the city has the lowest housing prices of all major Australian cities. The median price of a home for first time home buyers was A$52,000 (US$35,000) in 1986, compared with a national average of A$65,500 (US$44,000). The median price for a home in Perth is only 2.6 times the income of Perth's typical first-time home buyers.

Households choosing to trade up in the housing market can still find a bargain, with a median price of A$66,000 (US$44,000) compared with the national median of A$81,000 (US$54,000), or the A$90,000 plus (US$60,000) that Sydney and Melbourne residents can expect to pay when they trade up. The affordability of housing in conjunction with the large proportion of childless married couples (25 percent of households in Perth compared with 22 percent nationally) may explain why Perth has the highest rate of homeownership among the major cities of Australia—fully 73.5 percent of households own their homes.

(continued on p. 12)

Australia's "boom town" rebounds after stock market crash.

PERTH INCOME REPORT

Families make as much, but spend less than the national average. (Number of residents in income category and percent share, 1986)

	Individuals					*Share*		
Income	*Male*	*Female*	*Total*	*Families*	*House-holds*	*Total*	*Fam-ilies*	*House-holds*
Total	372,907	393,882	766,789	269,760	342,687	100%	100%	100%
Income								
$0	20,288	59,955	80,243	1,639	2,257	11	1	1
$1–4,000	62,879	124,413	187,292	4,931	24,220	24	2	7
$4,001–10,000	86,721	115,964	202,685	53,059	69,037	26	20	20
$10,001–17,000	124,591	56,762	181,353	61,850	78,898	24	23	23
$17,001–34,000	53,613	9,803	63,416	90,650	102,298	8	34	30
$34,001 and over	6,665	696	7,361	25,215	30,046	1	9	9
Not stated	18,150	26,289	44,439	23,372	26,955	6	9	8

Notes: Income statistics exclude persons aged 0 to 14. Income breakdowns were rounded to nearest thousand U.S. dollars using 1986 exchange rate, A$1=US$0.6709. Breakdowns in Australian dollars were: $4–6,000; $6,001–15,000; $15,001–26,000; $26,001–50,000; and $50,001 and over. Families where spouses were temporarily absent numbered 9,044 (3.4 percent of all families). Households where spouses were temporarily absent numbered 8,976 (2.6 percent of all households).

Source: Australian Bureau of Statistics, 1986 Census, City of Perth.

THE BATTLE FOR BEER DRINKERS

Faced with aggressive Australian, Canadian, and German beer marketing on home turf, U.S. brewers are taking notice that the battle for customers has gone international.

PRODUCT COMPARISON

Beer is one of the oldest beverages known to carry a buzz, and one of the most universally brewed in countless variations.

Such individuality breeds a fondness for the familiar—a chauvinism, almost—among consumers. Beer drinkers depend less on imports than do consumers of wines and spirits: Partly this is because drinkers are loyal to the brand of a certain region. Partly, it is because beer is bulky to ship and has a short shelf life. These are some of the reasons brewers have always found it challenging, if not discouraging, to market beer outside certain boundaries. But the opportunities are opening up for smart marketers.

"It's hard to sell U.S. beer abroad," says Philip Katz, vice president for research at the Beer Institute in Washington, D.C.

Faced with aggressive Australian, Canadian and German beer marketing on home turf, U.S. brewers are taking notice that the battle for customers has gone international. *Beverage Media's* William Slone estimates that imports account for 86 percent of a first-quarter recovery in American beer consumption in 1987, following a four-year dip.

The defense? Go on the offensive. But that could be harder than it seems.

If U.S. brewers go after Australian guzzlers, for example, they'll be battling a trend away from beer drinking. Australia—despite its reputation for tossing them back—has been retreating down the world tippling order in recent years. And, since 1975, the alcohol content in Australian beer has fallen as much as 25 percent.

According to a January 1986 international survey by the Brewers Association of Canada, Ireland is seventh on a list of 32 countries ranked by liters of beer consumed per capita annually, with a per capita consumption of 120 liters. East Germany is first (147), Australia is ninth (115), the U.S. is twelfth (91) and Israel is last (just 11).

Conspicuously absent from the list of countries is China, with its 1 billion-plus population. "China has enormous potential, and they do like beer," says the Beer Institute's Katz. But little has been done because doing business there

THE WORLD MAKES, EUROPE TAKES

While beer production is spread evenly throughout the world, eight of the top ten beer consuming countries are located in Europe.

(Beer production in billion liters, 1986; consumption in liters per capita, 1984)*

Makers	*Production (billion liters)*
United States	23.2
West Germany	9.4
Soviet Union	6.0
Britain	5.9
Japan	5.0
China	4.0
Brazil	3.1
Mexico	3.0
East Germany	2.5
Spain	2.4

Takers	*Consumption (liters per capita)*
East Germany	146.7
West Germany	144.4
Czechoslovakia	140.1
Denmark	134.0
Belgium	125.0
Luxembourg	120.6
Ireland	120.0
New Zealand	116.2
Australia	115.0
United Kingdom	110.1

* *Consumption for East Germany is for 1983.*

Sources: Brewers Association of Canada, International Survey, Alcoholic Beverages, Taxation and Control Policies, *p. 493; The Economist, 9/12/87, p. 67.*

"wasn't considered possible until a few years ago," Katz notes.

China has its own emperor of beers, Tsingtao, made in the country's biggest and oldest brewery, one built by Germans and Britons at the turn of the century.

Significantly, the Chinese themselves have little access to their own beer. Earnings from the state-owned operation become part of the government's much-needed foreign currency, so the government exports as much beer as possible—some 60 percent of the 100,000 tons produced annually.

Chinese authorities profess eagerness to establish joint ventures, and have reached agreement with Switzerland's Feldschlosschen for a brewery capable of producing 20 million liters per year.

London market researchers E.R.C. Statistics International predict Chinese beer consumption will increase by 20 percent a year until 1990. China would then become the world's third largest market.

Neighboring Japan also shows an increased appetite for beer, attributable to changes in lifestyle, increased drinking by women, and greater economic prosperity. Sake remains Japan's most popular alcoholic drink—but just barely. Sake's share of the market has fallen from 51 percent in 1962 to 31 percent in 1984. Beer's share of the market, meanwhile, increased from 19 to 31 percent.

Spain is yet another blossoming market. A nation already inclined toward alcohol consumption, Spain is now embracing beer. The Canadian Brewers' report estimated consumption at 10.86 liters per capita in 1984—2.66 liters in beer. In 1962, per capita alcohol consumption was 10.60 liters—with just 0.68 liters in beer.

Nearly 85 percent of the adults in Spain drink. According to custom, drinking often begins in the morning, with coffee and cognac for breakfast, sherry or red wine at mid-morning, beer or wine with a light noon meal, wine with the main afternoon meal, drinks after work, and more wine with an evening dinner.

Almost everywhere alcohol is consumed, the issue of abuse has come up. Most countries have at least one government department and several private groups dedicated to the issue, such as Norway's National Institute for Alcohol Research, Canada's Addiction Research Foundation, and New Zealand's Alcoholic Liquor Advisory Council.

—Marilyn Greene

ENDING A CENTURY OF URBANIZATION: 1995–2000

The world's city populations have grown dramatically in this century. Here's how fast some important cities will grow during the last five years of the twentieth century:
(Average annual growth rate, 1995–2000, in percent)

City	*Population growth*
Islamabad, Pakistan	6.76
Nairobi, Kenya	6.29
Addis Ababa, Ethiopia	4.73
Quito, Ecuador	3.67
Bangkok, Thailand	3.63
Dehli, India	3.53
Kuala Lumpur, Malaysia	3.53
Riyadh, Saudi Arabia	3.51
Jakarta, Indonesia	3.22
Rangoon, Burma	3.15
Wellington, New Zealand	3.08
Lisbon, Portugal	2.47
Guadalahara, Mexico	2.35
São Paulo, Brazil	2.16
Beijing, China	1.84
Seoul, South Korea	1.33
Singapore, Singapore	0.78
Sydney, Australia	0.75
Moscow, USSR	0.72
Tokyo/Yokohama, Japan	0.50
Montreal, Canada	0.20
London, United Kingdom	0.09
New York, USA	0.04
Berne, Switzerland	0.00
Hamburg, West Germany	0.00
Stockholm, Sweden	0.00

Source: The Prospects of World Urbanization, *United Nations Publications, New York, 1987.*

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(Perth, continued from p. 9)

PERTH'S PEOPLE BUY FUN

Perth's average weekly household income of A$452 (US$303) in 1984 was not far below the national average weekly household earnings of A$481 (US$323). Household spending, at A$363 (US$244) per week, is less than the national average of A$378 (US$254)—no doubt mirroring the low housing costs.

Transport, which accounts for 17 percent of expenditures, is the only item for which Perth residents pay relatively more than those in other Australian cities. Perth residents rely more on private transport that do residents in other capital cities, since buses and trains do not run as frequently. Perth residents also spend relatively more on recreation than do the residents of Sydney, Brisbane and Adelaide.

An upswing in the world economy and in mineral prices would assure success for Perth. Demographically, it is expected to be one of the most rapidly growing Australian metropolitan areas from now to the year 2001, growing almost twice as fast as Sydney or Melbourne. With employment opportunities also rising, Perth is likely to weather the stock market crash and re-establish itself as Australia's preeminent boom town.

—Maryann Wulff
Australian Institute of Family Studies, Melbourne, Victoria

WHERE TO LEARN BUSINESS JAPANESE

There are currently 100,000 Japanese businesspeople in the United States, but only 8,000 American businesspeople in Japan.

—T. J. Pempel
Professor of Government, Cornell University

Having a member of your negotiating team fluent in Japanese could be your greatest asset when conducting business with Japan.

Learning the Japanese language with its many levels of politeness and formality, each used in its own proper social setting, can be quite a chore. Beginning Japanese students learn 11 different ways to make the simple request of having something read for them, from the most casual and informal *yonde* to the most polite and deferential *oyomi ni natte kudasaimasan ka?*

The Johnson Graduate School of Management (JGSM) at Cornell University offers two interdisciplinary programs to help future international managers develop Japanese language skills and acquire an area studies background.

In the joint M.A. (Asian Studies) and M.B.A. program, students spend their entire first year in Cornell's FALCON (Full-year Asian Language CONcentration) program studying Japanese. They then begin courses for the M.B.A. degree while continuing with Japanese language maintenance courses. Students actively use their language skills between their second and third year, while interning for the summer with a Japanese company. Nippon Steel, Nippon Telegraph, and Chase Manhattan Bank are some of the internship sites.

The second program is a two-year M.B.A. program with a concentration in Japanese business. Students take the summer FALCON program instead of the full-year program, but they also intern in Japan.

For further information on any aspect of Cornell's programs, call the Office of Admissions and Student Affairs, Johnson Graduate School of Management, at 800/847-2082.

—Denise Rusoff

REGIONS: DEMOGRAPHIC TRENDS AROUND THE WORLD

Want a fast-growing but developed market for your products? Try Australia, where results of the 1986 census show that the population grew 1.5 percent in 1986, 0.2 percent faster than it did in 1985. Overseas migration contributed fully 45 percent to the population growth—on balance, 103,000 foreigners migrated to the country down under. Migration contributed 5 percentage points more to growth in 1986 than it did in 1985. Overall, Australia now has more than 16 million inhabitants.

But don't fall for Crocodile Dundee stereotypes. The image of Australian "Sheilas" as dutiful but subservient wives to cowboy-like husbands may be on its way out. *Women in the Home,* a survey of Australian women by the Victorian Women's Advisory Consultative Council, indicates that women are concerned about the low status of work at home. But only 6 percent blame men for this situation.

Many more Australian women are returning to work after childbearing. Among mothers with children aged 5 or younger, 40 percent have returned to work; among mothers with children aged 5 to 14, 62 percent work. Sixty-six percent of mothers aged 25 to 34 reported that they found childrearing "rewarding and challenging." Thirty-seven percent of the Victorian respondents found life at home "boring, tedious, lonely and monotonous."

For more information on the attitudes of Australian women, write to the Victorian Women's Consultative Council, Department of the Premier and Cabinet, 1 Treasury Place, Melbourne, Australia.

The American media are not alone in coming up with strange names for certain groups of people. Step aside, yuppies: here comes the Nose Brigade. According to the *World Press Review,* **Zimbabweans** have tagged a certain group of citizens with this name. The most telling characteristic of members of the nose brigade, who are mostly black suburbanites, is their manner of speaking English. Some might call it affected. "A general definition of a member of the nose brigade is an individual who, in attempting to improve his or her English tone by speaking through the nose, produces what some hear as a ridiculously squeaky sound. Others have said it is 'better' English than that spoken by the Queen herself," explains columnist Brian Maphosa in the *Sunday News* of Zimbabwe. Maphosa also asserts that the nose brigade developed these habits by integrating extensively with whites.

***If* you have workers in the Netherlands, take note: Equality in parental leave will become a reality starting in 1988.** According to the new parental leave laws, described in the European Community's *Women and Men of Europe* mothers and fathers will be guaranteed shorter working hours for six months after a child is born (if they so desire). One stipulation, however, is that these parents must work at least 20 hours a week.

Separation of church and state has never been an option in Spain—until this year. *The Economist* reports that the share of

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income tax revenues which had been automatically allocated to the Catholic church may now be spent on secular welfare and culture, depending on the wishes of the Spanish taxpayer. If Spaniards opt overwhelmingly for secular social spending, the Spanish government will help the Church financially for three years. This prospect seems likely, since only one in four Spaniards considers him or herself a regular churchgoer. Although the Catholic Church must support itself in three years, it will still receive the benefits of tax-free property and subsidies for education.

No vacation for advertisers: Traditionally, when Europeans took their summer vacations, so did advertisers. This trend is beginning to change, reports the West German company Verlagsbruppe Baur. The seasonal flux of marketing is changing especially in northern Europe so that summer advertising has increased and late fall advertising (usually a blitz) has fallen, according to Sweden's *International Trend Report.* The positive aspects of marketing during the summer: people have more time to read newspapers; there are fewer ads, so they stand out more clearly; the shortage of direct mail means that any piece will get relatively more attention.

German Psychographics: In an October Bundestag hearing, West German Transportation Minister Jurgen Warnke pointed to sexual frustration as one cause of speeding on the country's highways. Social Democratic deputies agreed, adding that women tend to drive more carefully than men. Does this mean that German women are less frustrated than men?

ASIA/ PACIFIC

Log cabins in suburban Yokohama? One of the biggest hits at the 1987 "Good Living Show" in Tokyo, Japan was the display of log homes. The Japanese desire for log cabins reflects an increasing popularity of outdoor life, according to *Focus Japan.* There is even an association, the All-Japan Log House Promotion Association, which monitors the sale and do-it-yourself assembly of these prarie domiciles. "The people who got sufficient satisfaction from simply reading magazines and catalogues have begun to actually participate in outdoor life," noted an editorial staff member of the Japanese *Outdoor* magazine. Some of the more novel outdoor sports include grass skiing (whose fans number approximately 30,000), and scuba diving (with 400,000 enthusiasts, but expected to increase to 1.5 million within the next three years).

In part because of the growing threat of AIDS, Indonesia opened its first condom factory on February 25, 1987. The plant, built by an Indonesian and Japanese consortium, can produce 900,000 condoms a year. Since Indonesia's primary natural resource is rubber, the plant will rely on natural materials. According to the *UN Fund for Population Activities Newsletter,* condoms are distributed free of

INTERNATIONAL DEMO MEMO

A British cat costs $260 a year to maintain—more than the annual income of at least 1 billion people living in 15 of the world's poorest countries.

—Lloyd Timberlake
Only One Earth

charge to Indonesian couples who are part of the national family planning programs.

Teenagers are always getting into trouble, and Soviet teens are no exception. When asked what they considered the most lucrative occupations in the Soviet Union, a majority of the 17-year-old Muscovites said black marketeering and profiteering. Their

answers were part of a survey conducted by the Writers' Union weekly *Literaturnaya Gazeta,* with help from other sociological journals. Some of the other high ranking, lucrative occupations named by teens included military officer, auto mechanic, restaurant worker, journalist, prostitute, and diplomat. As for social values, The *World Press Review* reports that teens chose loyalty of friends above all else. Love and an interesting profession were important, while sex and imitations of the West (except for clothes) were not.

Pepsico Inc. signed the first fast-food joint venture with the Soviet Union in September. The agreement will allow two Pizza Hut restaurants to open their doors in Moscow, providing that negotiations continue smoothly. McDonald's Corporation is also holding talks with Soviet officials to open restaurants in 1988.

***High* fertility rates in Latin American countries are usually not a good sign of economic prosperity and market potential.** The incidence of extremely high childbearing in Latin America often indicates poverty. While these women are bearing fewer children on average than they did a decade ago, they still maintain some of the highest fertility rates in the world. *Bolétin Demográfico,* a publication of Centro Latinoamericano de Demografia (CELADE), reports that the average number of children born to a Latin American woman has decreased in 20 countries, but rates remain high in Bolivia (6.3), Guatemala (6.1), Honduras (6.2), and Nicaragua (5.9). Cuba, Chile, and Uruguay reported the lowest fertility rates at 2.0, 2.8, and 2.8 respectively.

Conferences:

May 25–27, 1988: French Riviera 15th International Research Seminar in Marketing. Cosponsored by the French Foundation for Management Development and AMA, organized by the Institut d'Administration des Enterprises, Universite d'Aix-Marseille III, at La Londe les Maures. This seminar will focus on services marketing. The Chairman is Leonard L. Berry, Foley's/Federated Professor of Retailing and Marketing Studies, College of Business Administration, Texas A&M University, College Station, TX 77843-4112. Deadline for paper submission is February 12.

May–July, 1988: The Nineteenth Summer Seminar on Population. (May 31 to June 24 in Honolulu, Hawaii and June 26 to July 1 in Bangkok and Chiang Mai, Thailand). This seminar is sponsored by the East-West Center's Population Institute. Four workshops will cover labor force issues, family planning programs, analysis of fertility and child mortality data, and international migration. For further information write: Nineteenth Summer Seminar on Population, East-West Population Institute, 1777 East-West Road, JAB 2072, Honolulu, Hawaii 96848. The deadline for receipt of completed applications is February 14, 1988.

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BRANDING CAN MAKE A DIFFERENCE

Branding: A Key Marketing Tool, edited by John M. Murphy, August 1987, McGraw Hill, New York, 192 pp., $19.95. Order from McGraw Hill Book Company, 11 W. 19th St., New York, N.Y. 10011.

As "the single most potent means of differentiating one product from another," branding can be one of the most valuable assets a company has. Editor John M. Murphy, chairman of Interbrand/Novamark Group, brings together 18 experts who analyze the obvious and subtle ramifications of branding in separate essays.

The speed with which products become standardized around the world has increased tremendously, a fact which will have a significant effect on brand loyalty. As so many countries can imitate a manufacturing process, quality and price move toward uniformity, and products are made in countries that have a natural cost advantage. "Against this background," notes essayist Steve Winram in "The Opportunity for World Brands," "individual products or brands are perceived as having a short rather than an indefinite life expectancy."

In the essay "History of Branding," author Adrian Room notes that branding is as old as the Greek Parthenon, where public messages linked a man with his shop or service. Thus, names became some of the first "brands," and continue to operate in much the same way today. Many chain stores, such as Woolworths, began as a proprietor's single shop. In Rome, shop owners began using pictures to advertise their wares, since many potential buyers were illiterate. Today, visual puns are used to suggest brand names, such as the Shell, Birds Eye, and Lancia logos.

"People buy brands not products," assert authors Tom Blackett and Graham Denton in the essay "Developing New Brands." Ninety percent of "new" products in America have not been new at all; they have merely been repackaged, restyled or refitted to changing consumer tastes. A presentation which sets a product apart from its competitors in a clearly communicated fashion is the most successful marketing tool. The authors use L'Eggs pantyhose, Clinique cosmetics, and Tic Tac mints as successful examples.

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